

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 5/19/2015	(3) CONTACT/PHONE Lisa Howe/781-5011	
(4) SUBJECT Submittal of the Fiscal Year 2014-15 Third Quarter Financial Status Report. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors: <ol style="list-style-type: none"> 1. Receive, review, and file the Fiscal Year 2014-15 Third Quarter Financial Status Report; 2. Accept cash donations in a total amount of \$289,127.76 on behalf of the Department of Social Services, Parks, Library, Animal Services, Veterans Services, District Attorney, and Airports and approve associated adjustments as outlined in Section 4 of the FY 2014-15 Third Quarter Financial Status Report (see Section 4 of the attached report for details); 3. Approve a request from Fund Center 180 - Social Services for relief from accountability for uncollectable debt totaling \$12,359.50 (see Section 4 of the attached report for details); 4. Approve a budget adjustment in the amount of \$23,903 in FC 425 - Airports to increase the budget for the Oceano Layout Plan project to match the actual grant amount received from the Federal Aviation Administration; 5. Approve a budget adjustment in the amount of \$1,978,806 to reallocate capital project savings to projects currently in design or construction in FC 245 – Roads; 6. Approve a budget adjustment in the amount of \$169,646 using Library Public Facility Fees to make the annual loan payment for the Cambria Library project, and increase the Designated Fund Balance – Library in the General Government Building Replacement Fund by a corresponding amount; 7. Approve a budget adjustment in the amount of \$370,000 to transfer funds between FC 245 – Road Fund Pavement Management Program and Fund Center 248 – Road Impact Fund for the debt service payment for the Vineyard Drive interchange project; 8. Approve miscellaneous budget adjustments totaling \$1,811,472 (summarized on page 23 of the attached report) resulting from unbudgeted year-end costs. The recommended financing for the adjustments consists of \$494,295 from General Fund contingencies and the remaining \$1,317,177 from unanticipated revenues and expenditure savings from within departmental budgets; and 9. Approve an amendment to the Fixed Asset list for FC 180 – Social Services, to add a security video recording equipment system in the amount of \$13,500; 10. Approve an amendment to the Fixed Asset list for FC 160 – Public Health, to add a \$14,000 mobile trailer to store supplies for the Public Health Emergency Preparedness program; 11. Approve a request from the General Services to declare seven vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5); and 12. Direct the Auditor-Controller-Treasurer-Tax Collector-Public Administrator and the County Administrative Officer to identify Pension Obligation Bond debt payment options. <p>Recommendations 2 through 8 require a 4/5 vote of the Board. Details for items 2-9 can be found in Section 4 of the Report.</p>			
(6) FUNDING SOURCE(S) Donations, General Fund contingencies, unanticipated revenue and expenditure savings.	(7) CURRENT YEAR FINANCIAL IMPACT Donations (\$289,127.76) General Fund (\$494,295) Unanticipated revenue & expenditure savings (\$1,317,177)	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 Minutes</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			

(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1415144, 1415140, 1415138, 1415139, 1415143, 1415124, 1415123, 1415122, 1415111, 1415121, 1415127, 1415128, 1415112, 1415116, 1415114, 1415062, and 1415142 <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>11/25/2014 & 3/10/2015</u>
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office.		
(18) SUPERVISOR DISTRICT(S) All Districts.		

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Lisa Howe/781-5011

DATE: 5/19/2015

SUBJECT: Submittal of the Fiscal Year 2014-15 Third Quarter Financial Status Report. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Receive, review, and file the Fiscal Year 2014-15 Third Quarter Financial Status Report;
2. Accept cash donations in a total amount of \$289,127.76 on behalf of the Department of Social Services, Parks, Library, Animal Services, Veterans Services, District Attorney, and Airports and approve associated adjustments as outlined in Section 4 of the FY 2014-15 Third Quarter Financial Status Report (see Section 4 of the attached report for details);
3. Approve a request from Fund Center 180 - Social Services for relief from accountability for uncollectable debt totaling \$12,359.50 (see Section 4 of the attached report for details);
4. Approve a budget adjustment in the amount of \$23,903 in FC 425 - Airports to increase the budget for the Oceano Layout Plan project to match the actual grant amount received from the Federal Aviation Administration;
5. Approve a budget adjustment in the amount of \$1,978,806 to reallocate capital project savings to projects currently in design or construction in FC 245 – Roads;
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7. Approve a budget adjustment in the amount of \$370,000 to transfer funds between FC 245 – Road Fund Pavement Management Program and Fund Center 248 – Road Impact Fund for the debt service payment for the Vineyard Drive interchange project;
8. Approve miscellaneous budget adjustments totaling \$1,811,472 (summarized on page 23 of the attached report) resulting from unbudgeted year-end costs. The recommended financing for the adjustments consists of \$494,295 from General Fund contingencies and the remaining \$1,317,177 from unanticipated revenues and expenditure savings from within departmental budgets; and
9. Approve an amendment to the Fixed Asset list for FC 180 – Social Services, to add a security video recording equipment system in the amount of \$13,500;
10. Approve an amendment to the Fixed Asset list for FC 160 – Public Health, to add a \$14,000 mobile trailer to store supplies for the Public Health Emergency Preparedness program;
11. Approve a request from the General Services to declare seven vehicles as surplus, authorize their removal from the County fleet, and authorize their sale to recover salvage value in accordance with County Code Section 2.36.030(5); and
12. Direct the Auditor-Controller-Treasurer-Tax Collector-Public Administrator and the County Administrative Officer to identify San Luis Obispo County issued Pension Obligation Bonds payment options.

Recommendations 2 through 8 require a 4/5 vote of the Board.

Details for items 2-9 can be found in Section 4 of the Report.

DISCUSSION

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the Third Quarter of Fiscal Year (FY) 2014-15. The Third Quarter Financial Status Report presented to the Board contains exception only reporting (i.e. no mention is made if the financial status of the fund center is within expected parameters). This Financial Status Report contains an overview of the drivers behind the significant variance between budgeted and actual use of General Fund dollars in the third quarter time frame of January 1, 2015 through March 31, 2015.

The report is divided into six sections:

- **Section 1**- Provides an overview of the County's financial position at the end of the third quarter, as well as brief summaries of noteworthy departmental fiscal and operational issues.
- **Section 2** - Provides a big picture analysis of third quarter revenue receipts by category (e.g., taxes, charges for services, etc.) and fund (e.g., General Fund, Road Fund, etc.) as well as a review of contingency, designation, and reserve activity.
- **Section 3** - Provides a summary of all personnel changes approved by the Board of Supervisors, or made administratively by the Human Resources Department during the third quarter.
- **Section 4** - Provides a summary of miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, miscellaneous budget adjustments, and surplus and disposal of surplus vehicles (details are provided in Attachments 2 through 5).
- **Section 5** - Provides an update on the capital improvement and maintenance projects managed by General Services, Public Works, Airports, and Golf (details are provided in Attachment 6).
- **Section 6** - Provides the annual Debt Review from the Auditor-Controller-Treasurer-Tax Collector-Public Administrator (ACTTCPA). The report confirms that the County is in compliance with legal debt limitations and comments on the County's overall debt (the memo from the ACTTCPA is included in Attachment 7).

Executive Summary

Overall spending levels and revenue receipts at the end of the third quarter for FY 2014-15 were generally on track and consistent with the prior year. General Fund expenditure levels are slightly higher than at the same time in the prior fiscal year (66% vs. 63%). General Fund revenues were realized at 60% of budget, the same level at the end of the third quarter in the prior fiscal year. This level of revenue realization is typical for the third quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Some of the largest revenue sources, such as property taxes, are realized late in the fiscal year.

The third quarter report is typically when County departments make year-end adjustments. Approximately \$8.8 million in unbudgeted expenditures is projected through year end. County departments report that they expect to absorb 94% or approximately \$8.3 million of this through a combination of salary savings generated by staff vacancies, reductions in services and supplies costs, and unanticipated revenue. The balance of the expenditures is proposed to be covered with \$494,295 General Fund contingencies.

Of the \$8.8 million in unbudgeted expenditures, approximately \$7.4 million (84%) is due to prevailing wage adjustments granted to many employee bargaining units and the one-time \$1,000 Health Care Cost Offset payment to all permanent full-time employees and a prorated amount to all permanent part-time employees in FY 2014-15. As noted, departmental savings will be the primary source of funding for unbudgeted expenditures associated with the compensation increases. To the extent departmental savings are not available to cover the amount, staff recommends that your Board authorize a transfer of the deficient amount out of General Fund contingencies and/or reserves to the departmental operating

budgets, as needed, as part of the Third Quarter Financial Status Report. The majority of County departments report that they expect to absorb the salary and benefits expense with the exception of five departments listed on page 2 of the attached report.

Additional detail on the County's financial position at the end for the third quarter and a summary of noteworthy financial and operational issues are included in Section 1 of the attached report (Attachment 1).

OTHER AGENCY INVOLVEMENT/IMPACT

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the ACTTCPA compiled data from departments and other sources for the report. General Services, Public Works, Airports, and Golf prepared the attached updates on capital and maintenance projects and the ACTTCPA prepared the Annual Debt Review.

FINANCIAL CONSIDERATIONS

Approval of the above recommendations will have a total impact to the General Fund of \$494,295 resulting from unbudgeted year-end costs. Of the \$494,295, \$244,295 is needed to cover the prevailing wage adjustments and \$250,000 is needed to cover unbudgeted Public Defender expenditures. A total of \$1,317,177 of other budget adjustments in various departments is also requested, with no impact to the General Fund. Details on these adjustments are provided in Section 4 of the Third Quarter Financial Status Report and the associated Attachment 5.

Approval of the recommendations will also allow for a total of \$289,127.76 in gift funds and donations to be accepted on behalf of the Department of Social Services, Parks, Library, Animal Services, Veterans Services, District Attorney, and Airports; and will discharge a total of \$12,360 of bad debt on behalf of the Department of Social Services.

RESULTS

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of the third quarter of FY 2014-15.

ATTACHMENTS

1. Attachment 1 - Q3 FY 14-15 Financial Report
2. Attachment 2 - Acceptance of Gift Funds
3. Attachment 3 - Relief from Accountability
4. Attachment 4 - Miscellaneous Adjustments
5. Attachment 5 - Surplus Vehicles
6. Attachment 6 - Capital & Maintenance Projects
7. Attachment 7 - Annual Debt Review
8. Attachment 8 - Pension Obligation Bonds